

DHCD - Office of Broadband

Virginia Telecommunication Initiative How-To-Apply Webinar

June 17, 2021

Agenda

Welcome	Kyle Rosner, Deputy Broadband Advisor
Virginia Telecommunication Program Overview	Tamarah Holmes, Ph.D. Director Office of Broadband
Key New Guidelines for FY2022	Chandler Vaughan, Broadband Policy Specialist
Applying for VATI a. VATI Application Components b. Centralized Application and Management System (CAMS)	Caroline Luxhoj, PMP., Telecomm & Broadband Project Mgr. Tommy Hill, Telecomm & Broadband Project Mgr.
Best Practices a. Common Application Mistakes b. Mapping and Designing Universal Projects c. Navigating RDOF d. Special Construction Costs e. American Rescue Plan and VATI	Tammy Breski, Telecomm. & Broadband Project Mgr. Lonnie Hamilton, Broadband Planner Chandler Vaughan Tammy Breski Chandler Vaughan
Innovative Funding for Broadband Expansion a. Virginia Community Capital b. Department of Education	Wayne Waldrop Susan Clair, Ed.D
Question &Answer and Next Steps	Tamarah Holmes, Ph.D.

Partners for Better Communities

Office of Broadband - Responsibilities

- Assist communities with Broadband Planning efforts
- Provide technical assistance to stakeholders on accessing Tribal and Federal broadband programs
- Virginia Telecommunication Initiative (VATI)
 - Technical Assistance (pre and post application)
 - Grants Management
- Oversight of the State Broadband Map



Virginia Telecommunication Initiative (VATI) Program Overview

Virginia Telecommunication Initiative Program Description (VATI)

Provide financial assistance to supplement construction costs by private sector providers to extend services to areas that are presently unserved by any broadband provider. In FY 2022, VATI will implement a one-year pilot program in which public broadband authorities may apply directly for VATI funds without investment from the private sector.

Expansion of broadband is a priority of Governor Northam

FY2022 proposed at level funding of \$49.7 million



VATI Success FY-2017-2021

- 145 Applications
- \$166,439,630 requested
- \$74 million awarded
- \$86,310,641 leveraged
- 78,035 connections
- 47 projects awarded across 56 localities



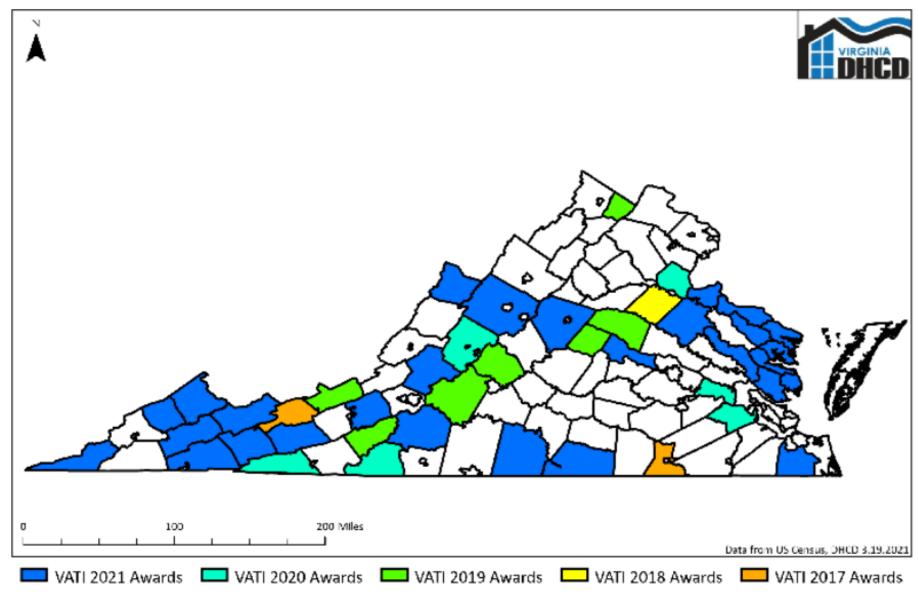
FY2021 Application Cycle

Applications
45 Applications from 53 localities
\$105,000,000 requested
\$105,000,000 leveraged

Awards \$49.2M Awarded \$52.7M Leveraged Over 24,500 Connected 16 projects across 27 localities



Virginia Telecommunications Initiative (VATI) Grant Awards 2017 - 2021



In some circumstances, localities have received awards for more than one year. The color for each reflects the most recent year for which an award was made.

For details on localities that received awards for more than one year, please contact DHCD staff.

Key Guidelines Updates

- 1. Eligible Areas
- 2. Shapefile Requirements
- 3. Interaction with RDOF

New Guideline - Eligible Areas

- For a wireline project, a proposed project area is considered eligible if 10 percent or fewer of serviceable units have access to service with no special construction costs from any provider as of the date of the application.
- For a wireless project, a proposed area is considered eligible if 25 percent or fewer of serviceable units have access to service with no special construction costs from any provider as of the date of the application. Passings with RSSI below -90dbm are not eligible to be included in a VATI application.



New Guideline - Shapefile Requirements

- Applicants are required to submit point and polygon shapefiles clearly delineating the project area and proposed passings. Wireless applicants must also submit projected heatmaps indicating RSSI in the project area.
- Challengers are required to submit point and polygon shapefiles clearly delineating the challenged area and serviceable units in the challenged area.
 Wireless challengers must also submit heatmaps indicating RSSI measures in the challenged area.



New Guideline - Interaction with RDOF

- RDOF passings can be included in a VATI application
 - Valued at ¼ passing if application is not universal for a county
 - Valued at ½ passing if an application is universal in a county
- RDOF areas awarded to any provider can be included in application areas.
 - O RDOF awarded bidders can challenge the project area to affirm intent to build to these areas. If challenging, the RDOF awardee must commit to providing broadband access in the challenge area(s) within 3 years of the announcement of FY 2022 VATI awards.
 - FCC has not yet finalized RDOF awards. Awards may not be finalized by the time of VATI awards, which will not impact this guideline.



Applying for VATI

- 1. VATI Application Components
- 2. Centralized Application and Management System (CAMS)

VATI Application Components

Notice of Application

- Due July 27, 2021 by 5:00 p.m. Posted by August 3rd.
- Sample on page 31 of the Guidelines.
- Email Notice to <u>vati@dhcd.virginia.gov</u>



Eligible Applicants

- Units of local government (Towns, Cities, Counties, EDA/IDA, Broadband/Wireless Authorities, Planning District Commissions, School Divisions, Tribal government, etc.)
 - Must have private sector provider as a co-applicant.
- FY22 Pilot Project: public authorities may apply directly for VATI funds without investment from the private sector.
 - Shall not exceed 10% of total VATI funds.
 - Will be evaluated alongside other applications.



Eligible Areas

- Unserved areas defined as having broadband speeds below 25Mbps download and 3 Mbps upload.
 - Areas lacking 10Mbps/1Mbps will be given significant priority in application scoring.
- Wireline a proposed project area is considered eligible if 10% or fewer passings have access to service with no special construction costs from any provider as of the date of the application.
- Wireless a proposed area is considered eligible if 25% or fewer passings have access to service with no special construction costs from any provider as of the date of the application.
 Passings with RSSI below -90dbm are not eligible to be included in a VATI application.
- Applicants are strongly encouraged to include passings and associated costs in the project area(s) that require special construction costs for low to moderate income residents.



Application Components

- Project Description and Need (85 points)
- Project Readiness (40 points)
- Budget and Cost Appropriateness (135 points)
- Commonwealth Priorities (40 points)



Project Description and Need

- Project Area Overview
 - Project Area (include map)
 - Demographics and Characteristics
 - Existing providers
 - Existing federal funds
 - Overlap describe anticipated overlap.
 - Passings total # of passings. Each project area must have delineated passing information.
 - RDOF Passings Form
- Project Details
 - Internet Speeds to be offered.
 - Network Design
 - Universal Coverage or fits in a universal plan



Project Readiness

- Status of Project Development
 - Project Timeline and detailed construction schedule.
- Organizational Experience
- Status of Matching funds VATI funds can't exceed 80% of total cost. Private sector must provide at least 10% of the match.
 - Government expenditures incurred after June 17, 2020 are eligible to be included as match.
- Leverage
- Marketing
 - Take rate
 - Digital literacy efforts
- Project Management Team



Budget and Cost Appropriateness

- Detailed budget narrative
- Derivation of costs
- Supporting cost estimates

A	A		В		C		D	E	F
1	Match Provider	Total o	ost of Poject		VATI	Non-VATI		Type of Work	Type of Funds
2 EXAN	MPLE							5.5	
3							5		
4	Match Provider	Total C	ost of Project		VATI	N	on-VATI	Type of Work	Type of Funds
5 A EDA	A	S	10,000			S	10,000	Construction	Cash
6 ISP		S	150,000	S	:=0	S	150,000	Construction	Cash
7 HOA		S	10,000	S	226	S	10,000	Construction	Cash
8 Localit	ty A	S	10,000	S	-	S	10,000	Easments/ROW/Permit	In-Kind
		s	10,000	S	158	\$	10,000	Grant Mangagement	In-Kind
9 XYZ I	PDC								
10 BCD S	School	S	10,000	S	:28	S	10,000	Construction - Clear Land	In-Kind
IU BCD.	SCHOOL	s	800,000	S	800,000	S	+	Construction	Grant
11 VATI									
Total I	Project Costs	S	1,000,000	S	800,000	S	200,000		
12									

Commonwealth Priorities

- Passings of significant impact
- Unique partnerships
- Digital equity efforts ensure low to moderate income households in the proposed project area will have affordable access.



Attachments

- Title attachments as shown on page 23 of the guidelines.
- PDF format.

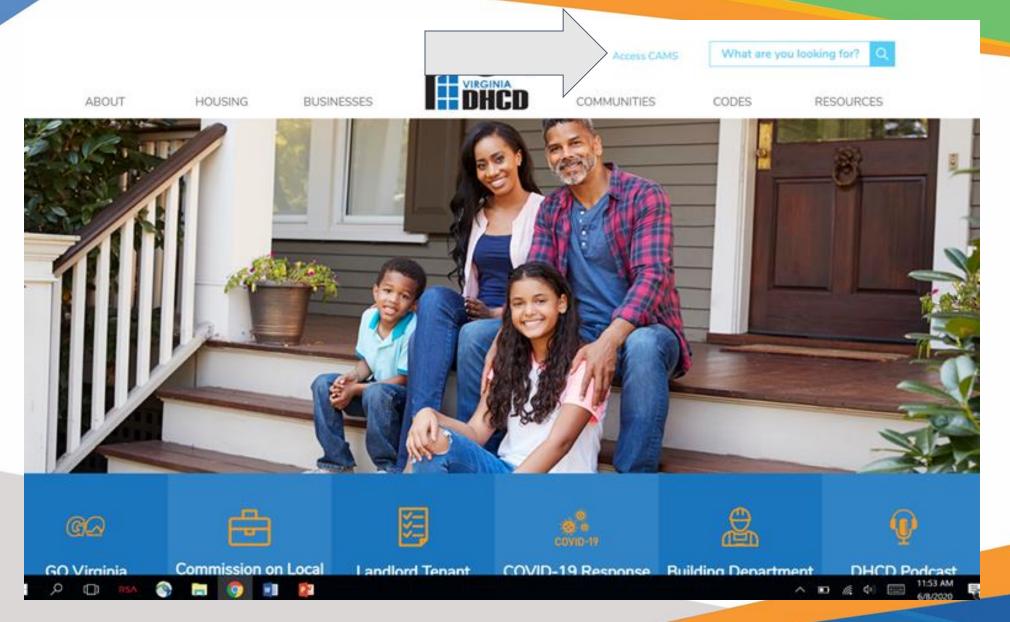
List of Required Attachments, PDF Format Required

*All Attachments MUST be uploaded in PDF format

- 1. Map(s) of project area, including proposed infrastructure.
 - Label Attachment: Attachment 1 Project Area map
- Documentation of Federal Funding (CAF/ACAM/USDA/RDOF, etc...) in and/or near proposed project area.
 - Label Attachment: Attachment 2 Documentation of Federal Funding Area
- 3. Documentation of RDOF awarded area in VATI project area, If needed
 - Label Attachment: Attachment 3 RDOF Awarded Areas included in VATI Application
- 4. Documentation that proposed project area is unserved based on VATI criteria
 - Label Attachment: Attachment 4 Documentation Unserved Area VATI Criteria
- Passings Form (Please use template provided)
 - Label Attachment: Attachment 5 Passings Form
- 6. Propagation Map and Heat Map if Wireless Project
 - Label Attachment: Attachment 6 Propagation Map (Wireless Projects only)



Centralized Application Management System (CAMS)





CAMS Helpful Tips

- •Refer to the updated <u>CAMS user guide</u>
- Create your application early, use as a working document
- •The unit of local government must submit all required documents
- •Do not share your password / login (Treat this like any other secured account).
- •Staff can be assigned to roles for assistance as needed.
- •Google Chrome is the recommended browser for CAMS.
- Save often. Use the "Save this Tab" before moving to another section.



Organization Dashboard

Back to Dashboard To Org Detail Back to Search

Organization Name: Albemarle Broadband Authority

Website: http://www.albemarle.org/broadband

Address:

401 Mcintire Road

Director: Bucky Walsh

Charlottesville, VA 22902

bwalsh@albemarle.org

(434) 249-6565

Phone Number:

(434) 296-5891

Organization Hold: Not on Hold

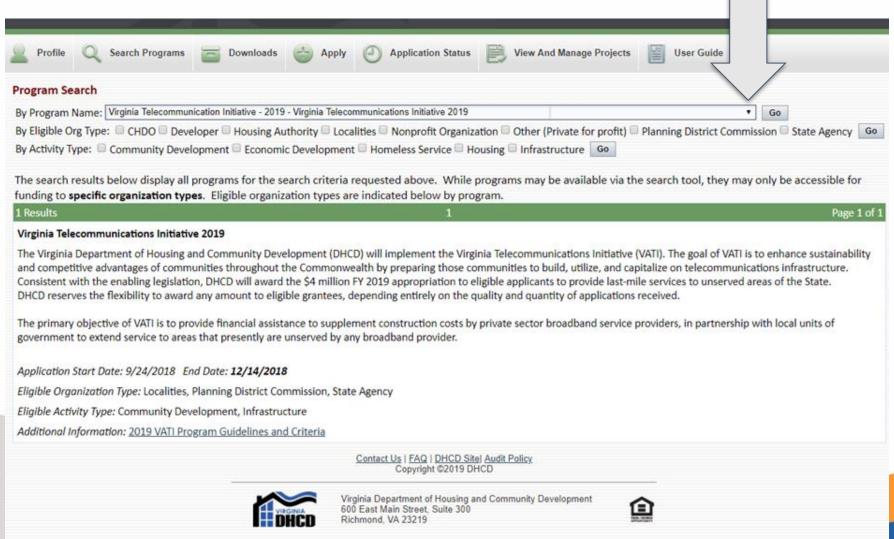
Staff Information

Name	Email	Work Phone	CAMS User Role
Breeden, Lisa	Ibreeden2@albemarle.org	(434) 296-5818	Profile Manager
Culp, Michael	mculp@albemarle.org	(434) 296-5891	Profile Manager
Walsh, Bucky	bwalsh@albemarle.org	(434) 249-6565	Organization Head

Organization Financial Information



Accessing the Application





Starting the Application

Project Information Project Budget Narrative Information Attachments	Additional Information
Project Information Organization Name*:	
Project Primary Contact First Name*: Title*: Work Phone*:	Last Name*: Email*:
Project Location Address*: City*:	Zip Code*: Whats my +4?
Primary Service Area County: Add/Edit County City: Add/Edit City	Town: Add/Edit Town

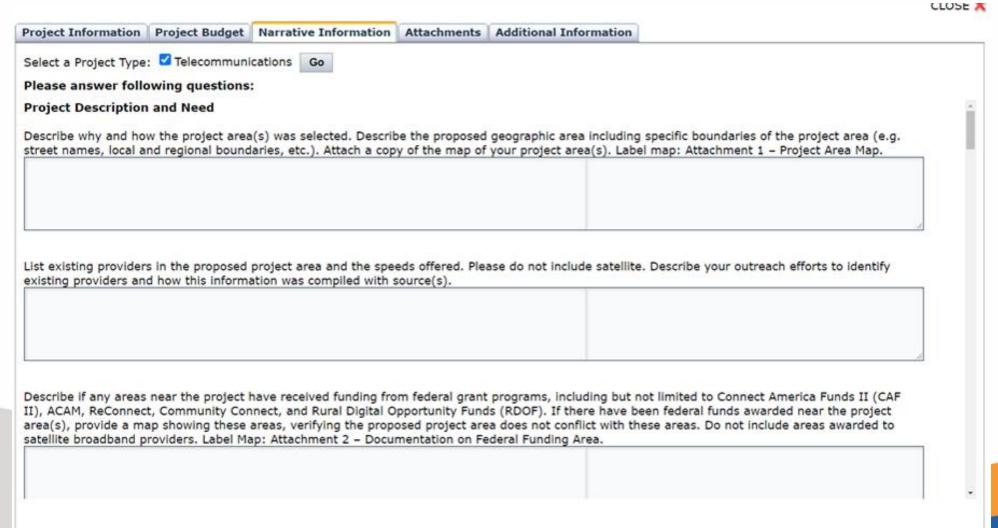


Completing the Budget

Project Information	Project Budget	Narrative Information	Attachments	Additional Information					
Project Budget Information									
Please enter your Tot	al Request: \$ 0.0	0							
Cost/Activity C					DHCD Request	Other Funding	Total		
	tions				\$0.00	\$0.00	\$0.00		
TOTAL					\$0.00	\$0.00	\$0.00		
Budget Narrative:									
							//		



Working on the Narrative





Uploading Attachments

Project Inform	nation	Project Budget	Narrative Information	Attachments	Additional Information	n
_			rement, you must su	ıbmit/upload	d following require	d documents:
		ENTS INSTRUCT				
Please pay at	tention	to the labeling no	menclature for the attacl	nments.		
Man(s) of pro	iost are	a including prop	osed infrastructure			
Choose File			oseu iiii asti ucture			
0.11000011110						
			AF/ACAM/USDA/RDOF, etc	c) in and/or ne	ear proposed project ar	ea.
Choose File	No file o	chosen				
RDOF Awarde (Click <u>HERE</u> f			Application (Use templat	e provided)	No file chosen	
Choose File	No file o	chosen				
Documentation	n that	proposed project	area is unserved based o	n VATI criteria		
Choose File	No file o	chosen				
		template provided)			
(Click HERE f		_				
Choose File	No file o	chosen				
Propagation N	1ap if W	Vireless Project				
Choose File	No file o	chosen				
Timeline/Proj	ect Man	nagement Plan				
Choose File	No file o	chosen				
MOU/MOA be	tween a	applicant/co-appli	cant (can be in draft form	1)		
Choose File	No file o	chosen				
Funding Sour (Click <u>HERE</u> f		le (Use template plate)	provided)			
Choose File	No file o	chosen				

SAVE OFTEN! Save before moving to another section.



Freedom of Information Act

Applications submitted through CAMS must only include information that is open to the public. Applicants may request to submit supplementary information to the application that includes a FOIA exemption, pursuant to "§ 2.2-3705.6 (32)" for information related to a grant application that may make the application more competitive.

- FOIA-exemption requests must be sent directly to vati@dhcd.virginia.gov.
- Applicants wishing to submit multiple FOIA exemption requests for multiple VATI applications must do so individually in separate requests.

The applicant shall make a written request to the Department:

- A. Invoking such exclusion upon submission of the data or other materials for which protection from disclosure is sought;
- B. Identifying with specificity the data, information, or other materials for which protection is sought; and
- C. Stating the reasons why protection is necessary.

DO NOT SUBMIT ANY DOCUMENTS UNTIL DHCD HAS PROVIDED A WRITTEN DETERMINATION



CAMS Helpful Tips

- Submit to DHCD by 11:59 p.m. on September 14, 2021
 O DHCD staff will not be available after 5PM
- Must use CAMS
- Include all required attachments Please pay attention to the naming nomenclature of the attachments and file type.



VATI Best Practices

- 1. Common Application Mistakes
- 2. Designing Universal Projects and Mapping
 - 3. Navigating RDOF
 - 4. Special Construction Costs
 - 5. American Rescue Plan Funding and VATI

Common Application Missteps

Common Application Missteps

- CAMS
 - Not being set up in CAMS
 - Defining/Setting up Roles correctly
 - Browser Google Chrome preferred
- Application
 - Not Answering the Question
 - Not Understanding the Question
 - Not providing required information/attachments
 - Labeling attachments



Tips and Tricks to avoid Missteps

- Create an application ASAP.
- Create a word document to write prompts, then paste answers into CAMS
- When in CAMS, <u>Save Often</u>
- Reach out for TECHNICAL ASSISTANCE as often as necessary
- Have someone not familiar with the application review it
 - Test run the application PDF prior to submitting
- The Primary Applicant MUST click 'Submit'

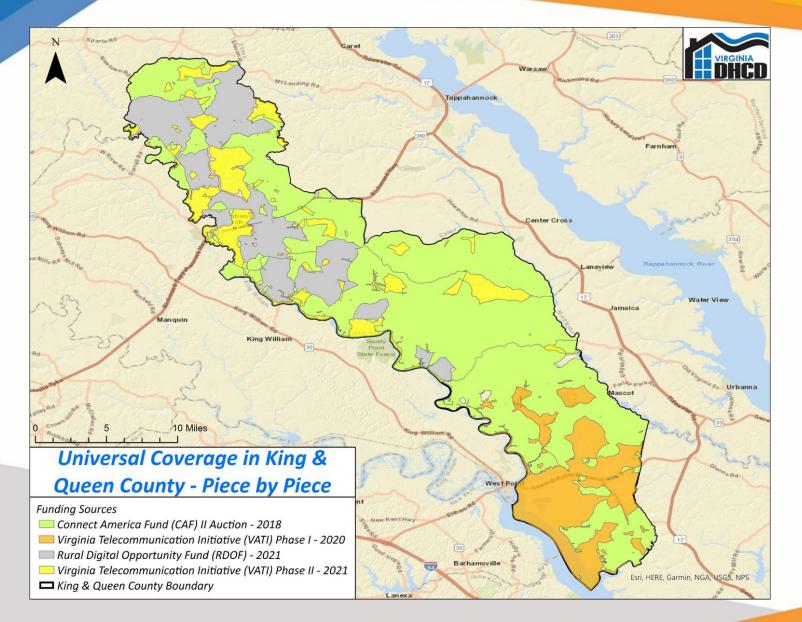


Designing Universal Projects and Mapping

Step-by-Step for Universal Coverage

- 1. Reach out to incumbent providers to understand service area and expansion plans (if any)
- 2. Contact federal award (CAF II, RDOF) winners, if any, for broadband funding
 - The Office of Broadband can make these connections
- 1. Work within those existing plans to reach more unserved areas; and, identify unserved areas through planning
 - We can help with planning
 - Broadband Toolkit as a resource
- 1. Make sure no one is left behind! These places will be harder to serve later
- 2. Leverage ARPA funding and VATI applications to expand broadband access

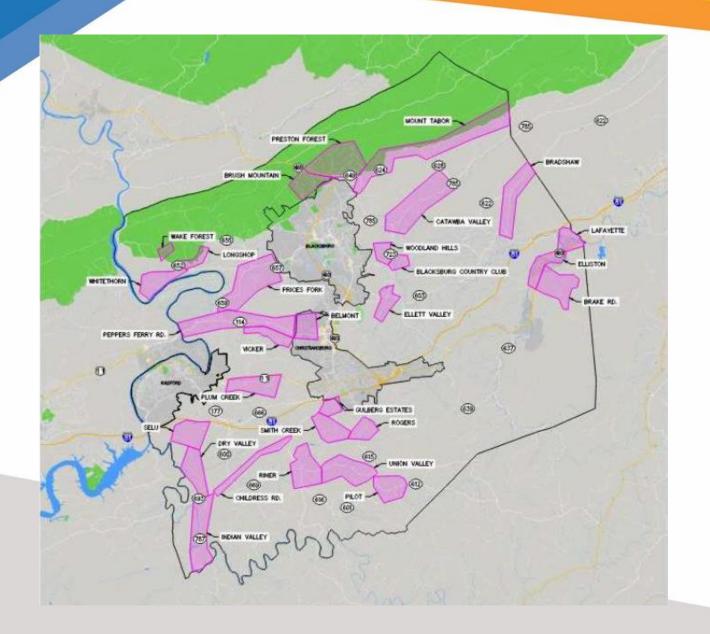




Designing Universal Projects: King & Queen

- Started with VATPI grant
- Worked within existing federal funding
- Partnered with funding recipient
- Filled gaps with state funding as opportunities presented themselves



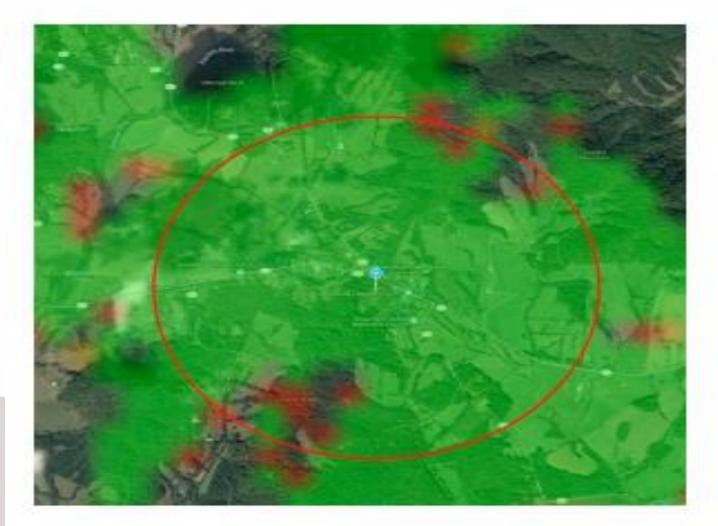


Designing Universal Projects: Montgomery

- No federal funding
- Planning study to identify unserved areas and existing networks
- VATI and other funding sources to fill in those gaps



Wireless Map Example# 1:Needs More Detail





HITES NECK VATI Eligible Addresses - Business VATI Eligible Addresses - Residential Addresses without Access

Office of Broadband

Wireless Map Example# 2: Detailed Map

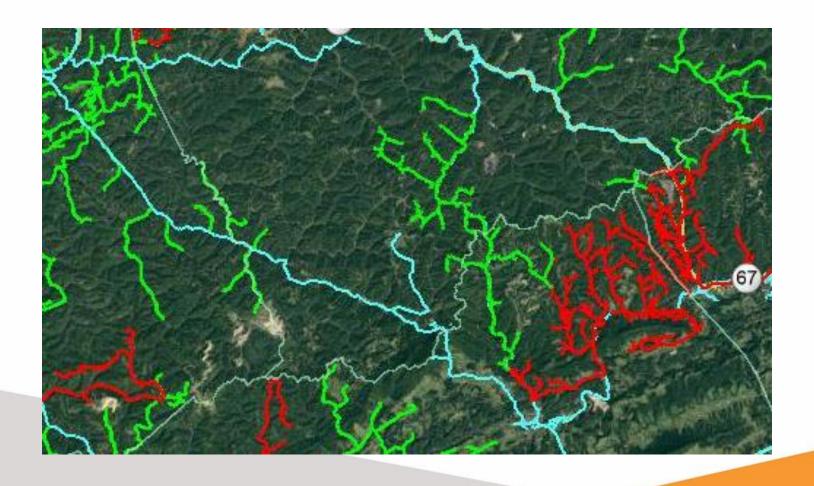


Egri, HERE, Garmin, INCREMENT P. USGS METUNAS PEPA. USDA

Auction 904 Eligible Tracts

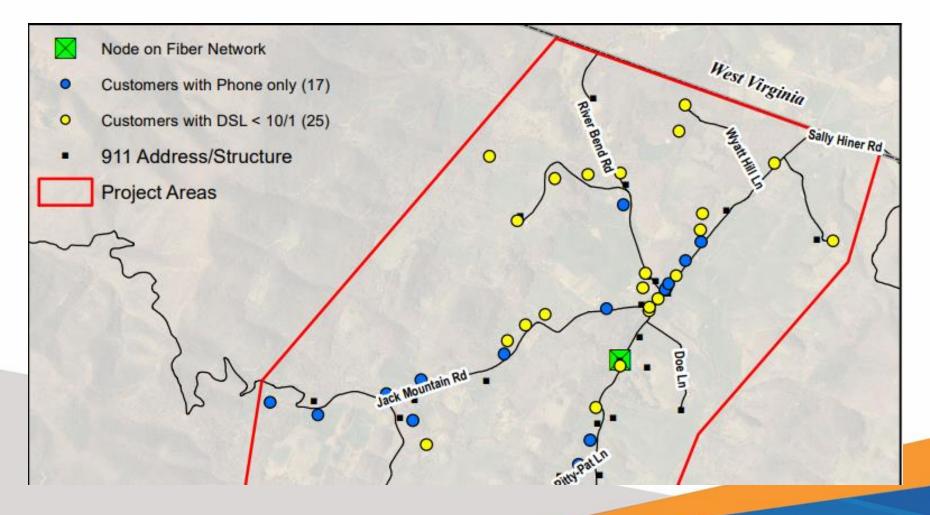
3 Mile Buffer

Wireline Map Example #1:Needs More Detail





Wireline Map Example #2:Detailed Map





Shapefile Requirements

- Shapefiles should be in .shp format
 - Must be functional and usable in ESRI's ArcGIS Pro
 - Submitted to CAMS in a zipped folder
- Polygon Shapefiles Polygons showing general project areas, with names and passings counts for each project area attached to the polygons
- Point Shapefiles Points representing each project passing in a single layer,
 with address attribute data attached
- RSSI Heatmaps For wireless projects/challenges, a raster shapefile showing the RSSI values for each wireless tower



Navigating RDOF

Navigating RDOF

- #1 Goal To reach universal coverage in a county or counties
- A cost-efficient way to do this is by partnering with an RDOF awardee.
 - Fill in gaps around an RDOF award
 - Accelerate RDOF construction through a VATI grant
 - Partner with the RDOF awardee(s) to reach all other unserved areas
- VATI guidelines have provided a way to accelerate and leverage RDOF



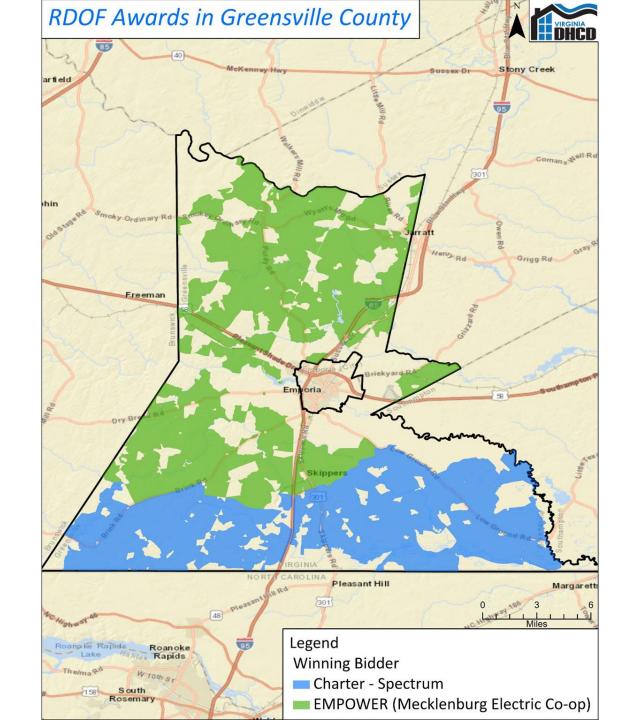
Navigating RDOF - Scoring

- RDOF awarded areas may be included in a VATI application
 - o RDOF passings valued at a ¼ point if application is not universal or part of multiple applications that reach universal coverage
 - O RDOF passings valued at ½ point if application is universal or is part of multiple applications that, when combined, reach universal coverage

Non-Univers			
	Number	Value	Score
VATI Passings	500	X1.00	500
RDOF Passings	400	X0.25	100
Scored Passings			600

Universal			
	Number	Value	Score
VATI Passings	500	X1.00	500
RDOF Passings	400	X0.50	200
Scored Passings			700





Navigating RDOF - Commitment to Service & Challenges

- Any RDOF area awarded to any provider can be included in a VATI application.
 - o RDOF awardees who are not the VATI co-applicant may challenge an application that includes all, or portions of their final RDOF awarded area. If the challenge is determined to be credible, the applicant will be required to remove the area(s) that overlap from their application.
 - RDOF awarded areas included in the application that are not challenged will be considered unserved and scored as such.
- The challenging RDOF awardee must commit to providing broadband access to the challenged area within 3 years of the announcement of FY22 VATI awards.



Navigating RDOF - Construction Acceleration

- For co-applicant ISPs that received VATI funding for RDOF awarded areas:
 - O The ISP must enter into an agreement with DHCD to provide broadband access to an equal number of passings outside of the VATI area ahead of their RDOF milestone for completion percentage within 3 years of announcement of the FY22 VATI awards.

Example Scenario:

If an internet service provider (ISP) won 1000 RDOF locations, and had to complete 400 of those by year 3, if 200 RDOF passings are accelerated due to VATI funding, the awarded ISP must have completed 600 passings by year three, barring any agreed contract extensions related to extenuating circumstances.



Special Connection Costs

Special Construction Costs

- Special construction costs one-time fees above normal service connection fees required to provide broadband access to a premise (i.e. service connection drop fee for serviceable units beyond the ISPs set standard length or require non-standard equipment)
 - DHCD recommends including passings with special construction costs in the application. Those units will be more difficult to serve later.



American Rescue Plan Funding and VATI

ARPA State Fiscal Recovery Fund and VATI

State Fiscal Recovery Fund (SFRF):

- \$4.3 billion in state funding to be appropriated by GA in summer special session
- Broadband deployment a shared priority of Governor Northam, GA Leaders

SFRF and VATI

- One application portal, through VATI
- FY22 VATI Round At least \$49.7M available through state funding

Pending state allocation of State Fiscal Recovery Funds through the American Rescue Plan, DHCD reserves the right to determine the source of funds through which awards are made. Non state general fund awards such as this can fund VATI applications and are subject to the rules of the funding source.



ARPA Local Fiscal Recovery Fund and VATI

Local Fiscal Recovery Fund (LFRF):

- \$3.7 billion in funding to municipalities
- Expanding broadband access an eligible expense

LFRF and VATI

- LFRF dollars will be considered match! *Key way to climb the VATI scoresheet*
- LFRF dollars used as match must meet LFRF guidelines



Local Fiscal Recovery Fund Best Practices

Think Big

- Once-in-a-generation investment in broadband
- Avoid cherry-picking and if possible, partner with neighboring localities
- Prioritize projects that achieve universal broadband service to your locality.
- If incumbent providers are not willing to partner for universal service, now is the time to find a new partner(s).

You've Got Time

- Funds must be obligated by 12/31/24 and expended by 12/31/26
- At a minimum, localities should wait to see how much the Commonwealth devotes to broadband.



Innovative Funding for Broadband Expansion

- 1. Virginia Community Capital
- 2. Virginia Department of Education

Virginia Community Capital

Virginia Community Capital

- Virginia-based Community Development Financial Institution
- VCC owns a for profit, FDIC insured state-chartered bank
- 15 years old with \$340 million in assets
- \$7.5 million legal lending limit
- Vision to be an innovative provider of capital, focusing on rural and urban underserved communities, improve the quality of life
- Loan types Real Estate, Low Income Housing Tax Credit, Historic Tax Credits, Small Business, Small Business Administration, IDA/EDA, Solar, Healthy food

Background

- Most of the Internet Service Providers (ISP) are small businesses,
 some are electric cooperatives or other authorities
- State and Federal grants are available to the ISPs but they are reimbursable
- ISPs may not have the capital resources to start the expansion projects, therefore cannot access the grant dollars
 - A sampling of ISPs: Scott County Telephone Cooperative, RiverStreet Networks, Charter Communications/Spectrum, Lumos, Shentel, Port 80, MGW, Gigabeam, Open Broadband, BRISCNET, Kinex, Citizens

Standard Underwriting Requirements

- Borrower has been in business for at least 2 years
- Primary repayment source Cash flow coverage (net profits cover loan payments) at least 1.2X based on historical cash flow, 1.4X if based on projections
- Company projections (based on market penetration of purchased services) are almost always optimistic
- Secondary repayment source appraised orderly liquidation value of 80% on Real estate, 50% of specialty equipment
- Liquidation values are almost always less than anticipated



Credit Considerations

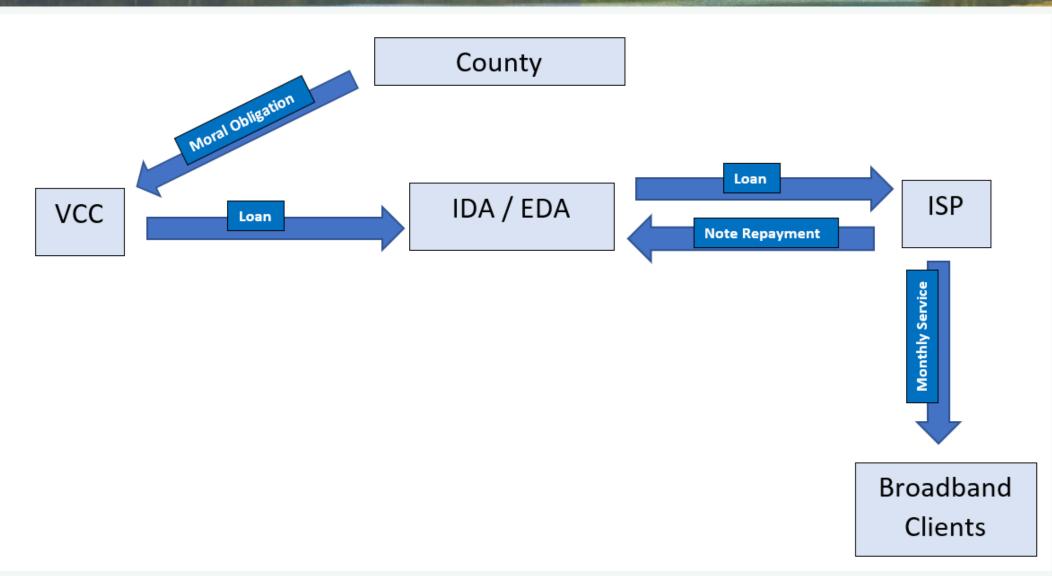
- Project sources and uses will probably have limited equity. This increases finance risk in the project leaving little room for error.
- Many ISPs are small businesses. These projects are on a much larger scale than what the company is used to. It will stretch management capacity.
- The revenue projections are based on anticipated revenues. This is a function of the market's willingness to buy the broadband services.
- The capital investment is largely fixed. If you build it, customers may not come.
- From a bank perspective, once the equipment is put into service, it has no collateral value. The value of the equipment is determined by the cash flow it can create by selling the broadband service, which is the objective of the locality.

Proven Capital Approaches with a New Purpose

- If the ISP does not have the equity or the ability to get a loan to complete the broadband expansion
- And the County wants to support the broadband expansion without going through a voter referendum for general obligation debt
- Then the EDA could borrower the money with a moral obligation of the County to cover any cash flow/collateral gaps.
- The proceeds of the loan from VCC to the EDA would be used to lend to the ISP to complete the broadband project. The loan from the EDA to the ISP would be secured by the broadband assets so if the ISP failed, the County would still have control of the assets and would need to find another provider.



Financing Structure



Questions

Wayne Waldrop

President, Lending, Deposits and Community Innovations
Virginia Community Capital

wwaldrop@vccva.org

804-572-4622

7814 Carousel Lane, Suite 100

Richmond, Virginia 23294



Emergency Connectivity Fund (ECF) (American Rescue Plan of 2021)

Meet remote learning needs of students, school staff, and library patrons



ECF

7.17 billion is available

100% reimbursable costs

WiFi hotspots, data plans, modems, routers, computing devices, satellite -for off-campus use

Limited exception for network construction (wired and wireless)

No separate ECF competitive bidding requirements will be imposed. Must comply with state and local bidding requirements.



ECF

Prospective window I opens June 29, 2021 at noon (open 45 days) to apply for eligible services and equipment schools and libraries need going forward

Window 1 closes August 13, 2021

If money remains, a retroactive window will be opened to reimburse eligible purchases that were made from March 1, 2020 through June 30, 2021.

USAC's ECF website:

https://www.emergencyconnectivityfund.org/



Next Steps, Contact, Q&A

June 17 – Applications Open

TODAY thru September 13 – VATI Technical Assistance and Project Development Sessions

July 27 – Notice of Applications Due

August 3 – DHCD Posts Notices of Application on VATI website

September 14 – Applications Due

September 21 – DHCD Posts Applications on VATI

Website

October 21 – Challenges Due

October 28 – DHCD Notifies Challenged Applicants

November 18 – Deadline for Challenge Rebuttals

December 3 – DHCD Notifies All Parties of Challenge

Determination

Late December – Anticipated Announcement of

Awards

Office of Broadband

Email: vati@dhcd.virginia.gov